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Turning Africa’s Green Shoots into Steady Growth

By 2050, Africa will be home to one- fifth of the world’s population. Not only does the continent have the world’s fastest growing population but also has the youngest. This rapid growth, combined with a strong trend towards urbanization, poses a huge challenge for peace and security, economic opportunity and food security.

Rapid population growth, however, is also a great opportunity for the labour-intensive agricultural sector to become a significant driver of economic growth. Agriculture and agribusiness together are projected to be a $1 trillion industry in sub-Saharan Africa by 2030, up from $313 billion in 2010.

Investing in agriculture matters for reasons other than the financial opportunity alone. About 600 million Africans depend on agriculture for their livelihoods and studies have shown that growth in labour-intensive sectors such as agriculture and manufacturing are typically better at reducing poverty than growth in capital intensive sectors such as mineral exploitation.

African governments are responding to the call – 2014 is Africa’s Year of Agriculture and Food Security. It is also the year in which countries will renew their commitment to transforming agriculture as a driver of job creation, improved incomes and access to nutritious food, through an extension of the Comprehensive Africa Agriculture Development Programme (CAADP). As the programme enters its second phase, a focus on a Results Framework to track progress on commitments is a promising sign.

A growth in foreign direct investment of 16.2% in 2013 bears witness to Africa’s appeal to investors. However, there is work to be done to make sure that more of that capital inflow is directed to the agricultural sector and used in a way that builds local capacity. The **Grow Africa Annual Report** confirms that domestic agribusinesses, which are overwhelmingly small or micro enterprises, continue to face numerous hurdles, the most important being lack of access to, and affordability of, relevant financial products to enable them to grow. So while good progress can be reported, investment flows – both foreign and domestic – remain too slow to be truly transformative for Africa’s smallholders who make up 80% of all farms in sub-Saharan Africa and contribute up to 90% of food production in some countries.

Our priority must be effectively – and rapidly – to scale what works so that we can meet the challenge, and opportunity, that Africa’s population growth represents. The focus must be on strengthening and increasing collaboration and coordination. That means creating better links between stakeholders and projects to accelerate both the level of investment, and the speed and reliability of achieving planned returns. In particular, we need to create more effective links at a national level between the public and private sectors. Some promising models in this area are new public sector bodies such as ATA in Ethiopia, as well as frameworks to attract private-sector investment into specific regions, such as Tanzania’s Southern Agricultural Corridor (SAGCOT).

There must be closer dialogue between policy-makers and the private sector to enable a virtuous circle in which policy is set based on an accurate picture of its impact on the private sector, and private sector investments are based on the knowledge that their economic foundation is not going to be up-ended by unexpected policy shifts. We need to capitalize on the substantial opportunities that information and communications technology brings to the sector, from better decision-making at a policy level to a reduction in the number of transaction points and lower transaction costs, to better access to markets and accurate market information for smallholder farmers and farmer cooperatives. We need to invest in providing smallholder unions with the training and tools they need to function as economic equals, which benefits the private sector in terms of ensuring reliable supply.

Most importantly, we must focus on making agriculture attractive to youth. Nearly 90% of rural youth who work in agriculture contribute up to one-third of Africa`s GDP. According to some experts, if Africa experiences only a 10% decrease of youth involved in family farming, the continent would see a fall in GDP and agricultural outputs, forcing greater reliance on imports. We cannot afford for this to happen. We need to ensure that agriculture can compete with the lure of entrepreneurial opportunities associated with urbanization. Investing in technology – from inputs, agricultural equipment and methods, to market information systems and financial access – is critical to attracting young agricultural entrepreneurs, as is providing education and training in the basics of establishing and running a business.

Agricultural partnerships have taken root across Africa. The green shoots are there. Now we need to ensure that they grow.

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